

**NORTHWEST IOWA PLANNING AND
DEVELOPMENT COMMISSION
SPENCER, IOWA**

**INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
FINDINGS AND QUESTIONED COSTS**

JUNE 30, 2004

DAVID A. MASKE
CERTIFIED PUBLIC ACCOUNTANT
SPENCER, IOWA

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NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
SPENCER, IOWA

BOARD OF DIRECTORS
JUNE 30, 2004

EXECUTIVE BOARD OF DIRECTORS

LaVonne Reinke
Philip Currans
Jackie Huckfelt

Chairman
Vice-Chairman
Secretary/Treasurer

**BOARD MEMBERS
REPRESENTING**

COUNTY	COUNTY REP	CITY REP	PRIVATE REP
Buena Vista	Herb Crampton	John Call	Open
Clay	William Zinn	Reynold Peterson	Cleber Meyer
Dickinson	Wayne Northey	Ron Walker	Shaun Arneson
Emmet	James Jenson	Steve Woodley	Gail Mathine
Lyon	Larry Landman	LaVonne Reinke	Robert Top
O'Brien	Ron Drenkow	Jim Zeutenhorst	Mari Radtke
Osceola	Byron Lopau	Open	Kirk Grau
Palo Alto	Phillip Currans	John Bird	Steve Heldt
Sioux	Vern Beernink	Duane Feekes	Don Schreur

AGENCY OFFICIALS

David Horan
Jackie Huckfelt

Executive Director
Finance Officer

DAVID A. MASKE

Certified Public Accountant

110 West 4th Street, Suite # 205
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Spencer, IA 51301

712/262-6087
(fax) 712/262-6089

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Northwest
Iowa Planning and Development Commission

I have audited the accompanying financial statements, listed as exhibits in the table of contents of this report, of Northwest Iowa Planning and Development Commission as of and for the year ended June 30, 2004. These financial statements are the responsibility of Northwest Iowa Planning and Development Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to the financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northwest Iowa Planning and Development Commission as of and for the year ended June 30, 2004 and the results of its operations, changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated October 27, 2004 on my consideration of Northwest Iowa Planning and Development Commission's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in conjunction with this report in considering the results of the audit.

My audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2001 (none of which are presented herein) and expressed an unqualified opinion on those statements. The supplemental information included on Schedules 1 through 3, including the Schedule of Expenditures of Federal Awards required by U. S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

DAVID A. MASKE
Certified Public Accountant

October 27, 2004

FINANCIAL STATEMENTS

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
SPENCER, IOWA

STATEMENT OF FINANCIAL POSITION
ALL FUNDS
JUNE 30, 2004

	ADMIN- ISTRATION FUND	PROGRAM FUNDS	PLANT FUND	TOTAL
ASSETS				
Cash.....	\$ 156,387	\$ 259,597	\$ -0-	\$ 415,984
Receivables:				
Grantor Agencies.....	-0-	109,164	-0-	109,164
Other Sources	141,280	211,669	-0-	352,949
Program Funds.....	117,061	-0-	-0-	117,061
Equipment at Cost –				
Less Depreciation	<u>-0-</u>	<u>-0-</u>	<u>212,547</u>	<u>212,547</u>
TOTAL ASSETS	<u>\$ 414,728</u>	<u>\$ 580,430</u>	<u>\$ 212,547</u>	<u>\$ 1,207,705</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Payable to Administration Fund.....	<u>\$ -0-</u>	<u>\$ 117,061</u>	<u>\$ -0-</u>	<u>\$ 117,061</u>
Fund Equity:				
Unreserved:				
Undesignated	\$ 414,728	\$ 463,369	\$ -0-	\$ 878,097
Investment in General Fixed Assets.	<u>-0-</u>	<u>-0-</u>	<u>212,547</u>	<u>212,547</u>
TOTAL FUND EQUITY	<u>\$ 414,728</u>	<u>\$ 463,369</u>	<u>\$ 212,547</u>	<u>\$ 1,090,644</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 414,728</u>	<u>\$ 580,430</u>	<u>\$ 212,547</u>	<u>\$ 1,207,705</u>

See Notes to Financial Statements.

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
SPENCER, IOWA

STATEMENT OF ACTIVITIES
ALL FUNDS
YEAR ENDED JUNE 30, 2004

	ADMIN- ISTRATION FUND	PROGRAM FUNDS	PLANT FUND	TOTAL
REVENUES:				
Governmental Funding Sources:				
Iowa Department of Economic Development ...	\$ -0-	\$ 763,077	\$ -0-	\$ 763,077
Economic Development Administration	-0-	55,195	-0-	55,195
Iowa Department of Transportation	-0-	47,352	-0-	47,352
Public Support & Special Projects	370,828	-0-	-0-	370,828
Interest Income.....	6,902	14,536	-0-	21,438
Investment in Plant	<u>-0-</u>	<u>-0-</u>	<u>36,025</u>	<u>36,025</u>
TOTAL REVENUES	<u>\$ 377,730</u>	<u>\$ 880,160</u>	<u>\$ 36,025</u>	<u>\$ 1,293,915</u>
EXPENSES:				
EDA Loan Fund	\$ -0-	\$ 5,420	\$ -0-	\$ 5,420
Planning Grant Program	-0-	55,258	-0-	55,258
Transportation Planning Program	-0-	47,352	-0-	47,352
Council of Government (COG) Program	-0-	9,375	-0-	9,375
Welfare to Work	-0-	110,628	-0-	110,628
Title I.....	-0-	466,158	-0-	466,158
Vets	-0-	2,399	-0-	2,399
Re-Employment.....	-0-	10,011	-0-	10,011
Promise Jobs.....	-0-	152,104	-0-	152,104
Promise Jobs Basic.....	-0-	9,047	-0-	9,047
Promise Jobs Lifeskills	-0-	3,355	-0-	3,355
I.W.D.	110,075	-0-	-0-	110,075
Administration.....	258,078	-0-	-0-	258,078
Depreciation	<u>-0-</u>	<u>-0-</u>	<u>46,382</u>	<u>46,382</u>
TOTAL EXPENSES	<u>\$ 368,153</u>	<u>\$ 871,107</u>	<u>\$ 46,382</u>	<u>\$ 1,285,642</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 9,577</u>	<u>\$ 9,053</u>	<u>\$ (10,357)</u>	<u>\$ 8,273</u>
FUND EQUITY – BEGINNING OF YEAR	<u>405,151</u>	<u>454,316</u>	<u>222,904</u>	<u>1,082,371</u>
FUND EQUITY – END OF YEAR	<u>\$ 414,728</u>	<u>\$ 463,369</u>	<u>\$ 212,547</u>	<u>\$ 1,090,644</u>

See Notes to Financial Statements.

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
SPENCER, IOWA

STATEMENT OF FUNCTIONAL EXPENSES
ADMINISTRATION FUND AND PROGRAM FUNDS
YEAR ENDED JUNE 30, 2004

	TOTAL
Salaries.....	\$ 687,793
Fringe Benefits	191,820
Operating Expense	20,469
Travel	27,238
Rent, Building Costs, and Remodeling	37,357
Dues and Subscriptions	7,844
Equipment Purchase and Leasing	45,193
Insurance.....	10,784
Telephone.....	24,720
Professional Services	8,971
Office Supplies	22,095
Printing and Advertising	4,664
Postage	7,731
Service and Maintenance Contract	8,270
Auto Operating Expense.....	1,316
Miscellaneous	654
Support.....	62,639
Training/Participant.....	<u>69,702</u>
TOTAL EXPENSES	<u>\$ 1,239,260</u>
Administration Fund Expenses	\$ 368,153
Program Funds Expenses	<u>871,107</u>
	<u>\$ 1,239,260</u>

See Notes to Financial Statements.

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
SPENCER, IOWA

STATEMENT OF CASH FLOWS
ALL FUNDS
YEAR ENDED JUNE 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES:	
Excess (Deficiency) of Revenues over Expenses.....	\$ 18,630
Adjustments to Reconcile Excess of Revenues over Expenditures to	
Net Cash Provided by Operating Activities:	
(Increase) Receivables - Grantor Agencies.....	(54,594)
Decrease Receivables - Other Sources	78,654
(Decrease) Payables - Grantor Agencies	<u>(13,189)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 29,501
 CASH AT BEGINNING OF YEAR	 <u>386,483</u>
CASH AT END OF YEAR	<u>\$ 415,984</u>

See Notes to Financial Statements.

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
SPENCER, IOWA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The Northwest Iowa Planning and Development Commission (the Agency) is a regional governmental organization whose mission is to provide community and economic development and job training services for a nine county area. The Agency administers programs funded by federal, state and local agencies. These programs are operated for the benefit of eligible participants using the guidelines of the funding agencies.

The Agency's financial statements are prepared in accordance with U.S. Generally Accepted Principles, as prescribed by the Financial Accounting Standards Board.

For financial reporting purposes, Northwest Iowa Planning and Development Commission has included all funds, organizations, account groups, agencies, boards, commissions, and authorities. The Agency has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Agency are such that exclusion would cause the Agency's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Agency to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Agency. The Northwest Iowa Planning and Development Commission has no component units which meet the Governmental Accounting Standards Board criteria.

FUND ACCOUNTING

The accounts of the Agency are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues and expenses. The various funds and account groups in the financial statements are as follows:

The Administration fund represents funds derived from local sources such as dues, special projects and miscellaneous activities.

Program funds are used to account for the revenues and expenses as required by the funding source.

The Plant Fund is established to account for all property and equipment of the Agency.

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. Revenues are recognized when earned and expenses are recorded when the liability is incurred.

SHARED BANK ACCOUNTS

All programs administered by the Agency share common checking accounts. Each program's transactions are recorded in a manner which allows its shares of the cash to be identified.

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
SPENCER, IOWA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

EQUIPMENT

Equipment is recorded at cost. Depreciation is computed on the straight-line basis. The cost of repair and maintenance is charged to expense when paid, while the cost on renewals or substantial betterments is capitalized. The cost of assets disposed of is deleted. No interest costs were capitalized since there were no qualifying assets.

GRANT REVENUES

Grant revenues are recognized when earned. Grant revenue is earned when allowable program expenditures are incurred. Funds received and not expended are treated as deferred revenue.

ACCOUNTS RECEIVABLE

Management considers all accounts receivable to be collectible; therefore, no provision for doubtful accounts has been established.

COST ALLOCATION

The Agency utilizes cost allocation methods to distribute certain direct and indirect costs to various programs. The costs have been allocated to the programs based on formulas developed by the Agency.

NOTE 2 - PENSION AND RETIREMENT BENEFITS

The Agency contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the Agency is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by State statute. The Agency's contribution to IPERS for the year ended June 30, 2004, 2003, and 2002, were \$40,130, \$37,788, and \$37,782, respectively, equal to the required contributions for each year.

NOTE 3 - LEASE COMMITMENTS

The Agency rents office space in Spencer, Iowa. The Agency's lease arrangement for July 1, 2003 to June 30, 2008 calls for rental payments of \$2,673 per month.

The Agency's minimum lease payments are as follows:

**Year Ending
June 30,**

2005.....	<u>\$ 32,081</u>
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The Agency paid rent totaling \$32,081 for the year ended June 30, 2004.

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
SPENCER, IOWA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 4 - COMPENSATED ABSENCES

Agency employees accumulate sick leave and vacation hours for subsequent use. These accumulations are not recognized as expenditures until used or paid.

Accumulated vacation hours are payable to employees upon termination, retirement or death. The approximate liability for those accumulated hours at June 30, 2004 is \$34,075. Unused sick leave hours are not paid upon termination, retirement or death.

This liability has been computed based on rates of pay in effect at June 30, 2004.

NOTE 5 - PROPERTY AND EQUIPMENT

A summary of changes in property and equipment comprising general fixed assets and the related depreciation are as follows:

	Balance Beginning Of Year	Additions	Deletions	Balance End Of Year
Property and Equipment	<u>\$ 445,808</u>	<u>\$ 36,025</u>	<u>\$ -0-</u>	<u>\$ 481,833</u>
Accumulated Depreciation	<u>\$ 222,904</u>	<u>\$ 46,382</u>	<u>\$ -0-</u>	<u>\$ 269,286</u>

NOTE 6 - RISK MANAGEMENT

Northwest Iowa Planning and Development Commission is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 7 – TOTAL COLUMN:

The total column on the statement of financial position and the statement of activities is presented to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation.

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
SPENCER, IOWA

COMBINING SCHEDULE OF FINANCIAL POSITION
PROGRAM FUNDS
JUNE 30, 2004

	TITLE I WIA	EDA LOAN FUND	EDA PLANNING GRANT	TRANS- PORTATION PLANNING	TOTAL
ASSETS					
Cash.....	\$ -0-	\$ 259,597	\$ -0-	\$ -0-	\$ 259,597
Receivables:					
Grantor Agencies.....	45,305	-0-	16,507	47,352	109,164
Revolving Loans Receivable	<u>-0-</u>	<u>211,669</u>	<u>-0-</u>	<u>-0-</u>	<u>211,669</u>
TOTAL ASSETS	<u>\$ 45,305</u>	<u>\$ 471,266</u>	<u>\$ 16,507</u>	<u>\$ 47,352</u>	<u>\$ 580,430</u>
LIABILITIES AND FUND EQUITY					
Liabilities:					
Payable to:					
Administration Fund.....	\$ 45,305	\$ 7,897	\$ 16,507	\$ 47,352	\$ 117,061
Fund Equity.....	<u>-0-</u>	<u>463,369</u>	<u>-0-</u>	<u>-0-</u>	<u>463,369</u>
TOTAL LIABILITIES & FUND EQUITY	<u>\$ 45,305</u>	<u>\$ 471,266</u>	<u>\$ 16,507</u>	<u>\$ 47,352</u>	<u>\$ 580,430</u>

See Accompanying Independent Auditor's Report

SUPPLEMENTAL INFORMATION

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
SPENCER, IOWA

COMBINING SCHEDULE OF ACTIVITIES
PROGRAM FUNDS
JUNE 30, 2004

	Welfare To Work	Title I	Vets	Re- Employment	Promise Jobs	Promise Jobs Basic	Promise Job Lifeskills	EDA Loan Fund	EDA Planning Grant	Transpor- tation Planning	State COG Assist- ance	TOTAL
REVENUES:												
Governmental Funding Sources:												
Iowa Depart. Of Economic Development	\$ 110,628	\$ 466,158	\$ 2,399	\$ 10,011	\$ 152,104	\$ 9,047	\$ 3,355	\$ -0-	\$ -0-	\$ -0-	\$ 9,375	\$ 763,077
Economic Development Administration	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	55,195	-0-	-0-	55,195
Iowa Department of Transportation	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	47,352	-0-	47,352
Local	-0-	-0-	-0-	-0-	-0-	-0-	-0-	14,473	63	-0-	-0-	14,536
TOTAL REVENUES	\$ 110,628	\$ 466,158	\$ 2,399	\$ 10,011	\$ 152,104	\$ 9,047	\$ 3,355	\$ 14,473	\$ 55,258	\$ 47,352	\$ 9,375	\$ 880,160
EXPENSES:												
Administration - Federal	\$ 22,354	\$ 37,616	-0-	-0-	\$ -0-	\$ -0-	\$ -0-	\$ 5,420	\$ 55,258	\$ 47,352	\$ -0-	\$ 168,000
Administration - Local	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	9,375	9,375
Program	88,274	428,542	2,399	10,011	152,104	9,047	3,355	-0-	-0-	-0-	-0-	693,732
TOTAL EXPENSES	\$ 110,628	\$ 466,158	\$ 2,399	\$ 10,011	\$ 152,104	\$ 9,047	\$ 3,355	\$ 5,420	\$ 55,258	\$ 47,352	\$ 9,375	\$ 871,107
EXCESS OF REVENUES OVER EXPENSES	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 9,053	\$ -0-	\$ -0-	\$ -0-	\$ 9,053
FUND EQUITY - BEGINNING OF YEAR	-0-	-0-	-0-	-0-	-0-	-0-	-0-	454,316	-0-	-0-	-0-	454,316
FUND EQUITY - END OF YEAR	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 463,369	\$ -0-	\$ -0-	\$ -0-	\$ 463,369

See Accompanying Independent Auditor's Report

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
SPENCER, IOWA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2004

GRANTOR / PROGRAM	CFDA NUMBER	GRANT OR AWARD NUMBER	PROGRAM EXPENDITURES
Direct:			
Economic Development Administration			
Planning Grant Program	11.302	05-83-06418-03	\$ 38,751
Planning Grant Program	11.302	05-83-06418-04	16,507
Revolving Loan Fund	11.307	05-39-2917	<u>211,669</u>
TOTAL DIRECT			<u>\$ 266,927</u>
Indirect:			
Department of Labor			
Iowa Department of Economic Development			
WIA:			
Welfare to Work	17.253	IWO3FRO	\$ 64,353
Welfare to Work	17.253	IWO4FRO	46,275
Title I	17.258	IWO3FRO	45,915
Title I - Youth	17.259	IWO3FRO	42,846
Title I - Dislocated Worker	17.260	IWO3FRO	61,871
Title I	17.258	IWO4FRO	41,336
Title I - Youth	17.259	IWO4FRO	37,069
Title I - Dislocated Worker	17.260	IWO4FRO	146,171
DVOP	17.801	IWO3FRO	1,830
LVER	17.804	IWO3FRO	569
Re-Employment IA	17.255	IWO3FRO	6,152
Re-Employment IA	17.255	IWO4FRO	3,859
Unemployment	17.225	IWO3FRO	6,315
Unemployment	17.225	IWO4FRO	<u>3,737</u>
			<u>\$ 508,298</u>
Administration for Families and Children			
Iowa Department of Economic Development			
Job Opportunities and Basic Skills Training:			
Temporary Assistance for			
Needy Families	93.558	IWO3FRO	\$ 94,668
Temporary Assistance for			
Needy Families	93.558	IWO4FRO	57,436
Promise Jobs Basic	93.558	IWO3FRO	6,290
Promise Jobs Basic	93.558	IWO4FRO	2,757
Promise Jobs Lifeskills	93.558	IWO3FRO	1,747
Promise Jobs Lifeskills	93.558	IWO4FRO	<u>1,608</u>
			<u>\$ 164,506</u>
Department of Transportation			
Iowa Department of Transportation			
Transportation Planning	20.515	04-RPA-03	\$ 42,169
Transportation Planning	20.515	04-SPR-03	<u>5,183</u>
			<u>\$ 47,352</u>
TOTAL INDIRECT			<u>\$ 720,156</u>
TOTAL			<u>\$ 987,083</u>

DAVID A. MASKE

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Board of Directors of Northwest
Iowa Planning and Development Commission

I have audited the financial statements of Northwest Iowa Planning and Development Commission as of and for the year ended June 30, 2004, and have issued my report thereon dated October 27, 2004. I conducted my audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Northwest Iowa Planning and Development Commission's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Northwest Iowa Planning and Development Commission's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the Northwest Iowa Planning and Development Commission. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Northwest Iowa Planning and Development Commission's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Northwest Iowa Planning and Development Commission's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. There are no reportable conditions at June 30, 2004.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. There are no reportable conditions at June 30, 2004.

This report is intended for the information of the Northwest Iowa Planning and Development Commission, the federal awarding agency and other grantor agencies. This report is not intended to be, and should not be, used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Northwest Iowa Planning and Development Commission during the course of my audit.

Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

DAVID A. MASKE
Certified Public Accountant

October 27, 2004

DAVID A. MASKE

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE

To the Board of Directors of Northwest
Iowa Planning and Development Commission

Compliance

I have audited the compliance of Northwest Iowa Planning and Development Commission with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2004. Northwest Iowa Planning and Development Commission's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Northwest Iowa Planning and Development Commission's management. My responsibility is to express an opinion on Northwest Iowa Planning and Development Commission's compliance based on my audit.

I conducted my audit of compliance in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Northwest Iowa Planning and Development Commission's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Northwest Iowa Planning and Development Commission's compliance with those requirements.

In my opinion Northwest Iowa Planning and Development Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of Northwest Iowa Planning and Development Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Northwest Iowa Planning and Development Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in my judgment, could adversely affect Northwest Iowa Planning and Development Commission's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. There are no reportable conditions at June 30, 2004.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. There are no reportable conditions at June 30, 2004.

This report is intended for the information of the Northwest Iowa Planning and Development Commission, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

DAVID A. MASKE
Certified Public Accountant

October 27, 2004

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
SPENCER, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004

PART I: SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS

- (a) An unqualified opinion was issued on the financial statements.
- (b) There are no reportable conditions in internal control over financial reporting cited by the audit of the financial statements, and no instance of a material weakness.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) There are no reportable conditions in internal control over major programs cited by the audit of the financial statements, and no instance of a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510 (a).
- (g) Major programs were as follows:
 - CFDA Number 17.255 – WIA – Title I
 - CFDA Number 93.558 – Job Opportunities and Basic Skills Training
 - CFDA Number 11.307 – EDA Revolving Loan Fund
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Northwest Iowa Planning and Development Commission did not qualify as a low -risk auditee.

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

No reportable conditions are reported.

PART III: FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

INSTANCES OF NONCOMPLIANCE:

The audit disclosed no instances of noncompliance.

REPORTABLE CONDITIONS:

No reportable conditions are reported.

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
SPENCER, IOWA

CORRECTIVE ACTION PLAN FOR FEDERAL AUDIT FINDINGS
YEAR ENDED JUNE 30, 2004

COMMENT NUMBER	COMMENT TITLE	CORRECTIVE ACTION PLAN	CONTACT PERSON, TITLE, PHONE NUMBER	ANTICIPATED DATE OF COMPLETION
	No Reportable Conditions Reported			

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
SPENCER, IOWA

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
YEAR ENDED JUNE 30, 2004

COMMENT REFERENCE	COMMENT TITLE	STATUS	IF NOT CORRECTED, PROVIDE PLANNED CORRECTIVE ACTION OR OTHER EXPLANATION.
	No Reportable Conditions Reported		